



North Carolina
Department of Health and Human Services
Division of Medical Assistance

1985 Umstead Drive • 2501 Mail Service Center • Raleigh, N.C. 27699-2501
Telephone (919) 855-4140

Michael F. Easley, Governor
Dempsey Benton, Secretary

Tara R. Larson, Acting Director

MEMORANDUM

To: Providers of Targeted Case Management Services

From: Tara R. Larson

Date: November 13, 2008

RE: Rate Reduction for Targeted Case Management

On October 10th, DMA issued notice of a rate reduction for Targeted Case Management (H1017 HI) effective January 1, 2009 to \$14.59. As we explained in the October 10th memo, we are faced with establishing a rate that is consistent with the methodology mandated by the CMS guidelines and ultimately obtaining CMS approval for a long outstanding State Plan Amendment. We also recognize the critical timing of this rate activity as we implement the CAP-MR/DD waiver changes and other changes in the Medicaid program.

In order to balance the need for compliance, ensure that we have a rate setting methodology that meets CMS's guidelines and represents an equitable payment for services, we will be implementing the following process:

- The Division of Medical Assistance (DMA) staff will collaborate with a representative group of providers identified to review CMS guidelines, review actual cost data, supporting documentation and justification for a final proposed TCM rate.
- The work group identified will work over a period, that will not extend past November 30, 2008, to develop a new proposed rate that once approved by the North Carolina Department of Health and Human Services (DHHS) will be submitted to CMS for final approval.
- For the period from the date of this letter through **December 31, 2008**, DMA will continue to pay claims at the current rate of **\$22.16 per 15 minute** unit of service.
- Beginning **January 1, 2009 and continuing until February 28th, 2009**, unless otherwise required by CMS, DMA will pay claims at rate of **\$18.75 per 15 minute unit** of service. If CMS requires or denies the rate change, DMA will follow the requirements of CMS.
- Beginning **March 1, 2009 and thereafter**, DMA will pay claims at the lower of the rate approved by DHHS or the rate approved by CMS, based upon the effective date of the CMS approval of the State Plan Amendment.

Please direct any questions you might have concerning this memo to Steve Owen, Chief Business Operating Officer at steve.owen@ncmail.net or 919-855-4123 or Roger Barnes, Assistant Director of Finance Management at roger.barnes.dma@ncmail.net or 919-855-4190.

Cc: Dempsey Benton
Steve Owen
Roger Barnes
Leza Wainwright, DMH/DD/SAS
Michael Lancaster, DMH/DD/SAS
Leah Devlin, DPH
Dennis Harrington, DPH